

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 755 - HB 815

March 11, 2023

SUMMARY OF BILL: Requires every individual or group health insurance policy providing coverage on an expense-incurred basis, every policy or contract issued by a hospital or medical service corporation, every individual or group service contract issued by a health maintenance organization, and every self-insured group arrangement to the extent not preempted by federal law, to provide coverage of a continuous glucose monitor for every person with diabetes who is insulin-dependent and is covered by such policy, whether as a dependent of the policy holder or otherwise.

FISCAL IMPACT:

Increase State Expenditures - \$3,293,100/FY23-24 and Subsequent Years

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation will result in an increase in the cost of health insurance premiums to cover the additional costs of the required procedures. It is estimated that the increase to each individual's total premium will be less than one percent.

Assumptions:

- The proposed legislation does not apply to any Division of TennCare programs.
- According to information provided by the Division of Benefits Administration, continuous glucose monitors are currently covered by the State Group Insurance Program (SGIP); therefore, no impact to the SGIP.
- The Affordable Care Act requires states to defray the costs of state-mandated benefits in qualified health plans (QHPs) that are in excess of the essential health benefits (EHB).
- The state will be required to defray the cost of benefits required in the proposed legislation because the benefits exceed those provided under Tennessee's EHB benchmark plan.
- As of February 2023, the Department of Commerce and Insurance (DCI) showed a total population of 319,094 individuals covered under QHPs.
- According to estimates from multiple QHP providers, the increase in costs per member per month as a result from the proposed legislation will be approximately \$0.86.
- This would result in an increase in recurring state expenditures required to defray the cost of \$3,293,050 ($\$0.86 \times 12 \times 319,094$) in FY23-24 and subsequent years.

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IMPACT TO COMMERCE:

Increase Business Revenue – \$3,293,100/FY23-24 and Subsequent Years

**Increase Business Expenditures –
Less than \$3,293,100/FY23-24 and Subsequent Years**

Assumptions:

- Healthcare providers will experience an increase in business revenue of \$3,293,050 in FY23-24 and subsequent years from providing additional services.
- The increase in business expenditures is estimated to be less than those amounts for companies to retain solvency.
- Additional effects upon private insurance carriers and healthcare providers will be dependent upon various unknown factors subject to the rates and contractual agreements comprising each individual policy of healthcare and cannot be determined with reasonable certainty.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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